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GEG (Holdings) Limited

Report and Financial Statements

31 March 2017

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GEG (Holdings) Limited

Company number: SC415463

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GEG (Holdings) Limited

Company Information

Directors

R J MacGregor
I R MacGregor
D A MacGregor
J D MacDonald
J A MacGregor
M Nakamoto (Alternate T Ezure (Appointed 1 April 2017))
N Katsu (Alternate H Tsurushima)

Secretary

J D MacDonald

Auditors

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen AB15 4DT

Bankers

Bank of Scotland
3/5 Albyn Place
Aberdeen AB10 1PY

Solicitors

Stronachs
34 Albyn Place
Aberdeen AB10 6XF

Registered Office

13 Henderson Road
Inverness IV1 1SN

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 March 2017.

Principal activities and review of the business

The Global Energy Group is an international service company creating value through a construction led approach to challenges in the oil and gas, renewables, utilities and petrochemical sectors. The group combines a collection of niche offerings designed to reduce risks in early stage developments as well as enhancing performance in late-life assets.

The key financial and other performance indicators during the year were as follows:

	31 March 2017 £'000	1 April 2016 £'000	Change %
Turnover	305,238	292,383	4
Group operating profit	7,338	3,713	98
Profit after tax	481	1,717	-72
Shareholders' funds	121,331	119,638	1
Average number of employees	3,500	3,590	-3

Group trading increased by 4% compared to the previous year with a turnover of £305 million (1 April 2016 – £292 million). Operating profit for the financial year was £7.3 million, compared to £3.7 million in 2016.

Despite a continuing decline in major capital spend in the oil and gas industry and projects at the Nigg Yard the group has managed to maintain a strong EBITDA of £21.4m and as a result of its diversified offering is very much now positioned to support its customer base and the industries it operates in.

Much of the increase in revenue was attributable to the group's utilities division and its successful execution of the various framework agreements. Regardless of the group increasing its turnover the profit after tax reduced driven by margin pressure and the closure of the USA drilling business.

The group has gone through an extensive reorganisation and streamlining process over the last couple of years to adjust its cost base and scale its operation for the sustained period of lower CAPEX activity associated with low commodity prices. The group continues to focus on cost management and look at ways to provide better value and solutions to its customers.

The group manages its risks by diversifying across a number of highly regulated end markets, which includes a number of sub-segments of the oil and gas industry. Sustaining revenues at £300 million reflects a robust diversification policy that covers non oil and gas infrastructure and a strong balance of operating expenditure/capital expenditure activities.

The low oil price and reduced capital spend proved to be a catalyst for offshore asset owners to challenge conventional methods of maintaining their ageing infrastructure. The group experienced a positive response to its innovative and high performance methods of delivering critical repairs and maintenance. This enabled the integrity and construction business to maintain its revenue base despite declining spends in the sector.

The balance sheet at 31 March 2017 notes net current assets of £15.4 million. The group's bank debt was refinanced in August 2016 and provides the group with a robust debt package to both meet its ongoing obligations and provide opportunity for future growth.

Strategic report (continued)

Principal risks and uncertainties

The Board and Directors are confident that the business model mitigates the group from major trading risks. In a typical year, 50% of the group will be linked to customer's operating expenditure budgets and 50% to a mixture of Brownfield and Greenfield capital expenditure budgets. Moreover, our risks are spread across different segments of the natural resources industry, and in different geographical communities. The directors have successfully built a portfolio of operations that are resilient to economic and political influences. Coupled with an organisational culture that can react fast to changing circumstances, we are confident in the continuing trading of the group.

Financial instrument risks

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives.

Financial instrument risks can be sub divided as follows:

Liquidity risk

The group policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Liquidity is achieved by overdraft and other long-term bank facilities. The group places significant focus on working capital management.

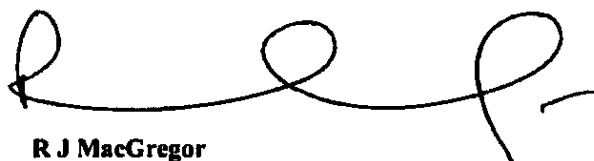
Interest rate risk

The group finances its operations through bank borrowing at floating rates. The group policy is to borrow at the lowest rates for periods that do not carry excessive time premiums.

Credit risk

The group policy is to minimise exposure to losses of defaulting customers. Credit terms are only granted to customers who satisfy credit worthiness procedures and in certain market sectors where appropriate credit insurance can be obtained. Credit limits are reviewed by finance department staff on a regular basis in conjunction the debt ageing and collection history.

On behalf of the Board



R J MacGregor
Director

24 November 2017

Registered No: SC415463

Directors' report

The directors present their report and financial statements for the year ended 31 March 2017.

Directors of the company

The current directors are shown on the Company Information page.

Results and dividends

The group profit for the year after taxation amounted to £481k (1 April 2016 – £1.7m). Ordinary dividends of £1m (1 April 2016: £5m) were declared during the year.

Future developments

The impact of low commodity prices continues to affect the group's revenue earning potential despite the diversification strategy. The directors continue to forecast low activity in the drilling and capex markets, alongside reduced spending on offshore production projects. With this in mind the directors have re-focused their strategy to grow market share, protect its core business as well as looking at opportunities for growth.

The directors will continue to develop the revenue base in non-oil and gas markets such as petrochemical, renewables and utilities. The directors will also focus on widening the revenue base in core international hubs such as the USA and Australia. This strategy is designed to enable the group to be robust through the downturn and able to grow sustainably on a strengthening market.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Political donations

The company did not make any political donations during the year.

Disabled employees

The company, as part of its employment and ongoing practices has always and wishes to continue, to promote an environment of equality and fairness and therefore recognises and complies with the Disability Discrimination Act 1995 (DDA).

The Disability Discrimination Act defines 'disability' as a physical or mental impairment which has a substantial and long term adverse effect on a person's ability to carry out their normal day-to-day activities.

The Act makes it unlawful for employers to discriminate against current or prospective workers who have a disability or who have had a disability in the past. When an employer treats a person with a disability less favourably than he treats other people and this treatment cannot be justified then discrimination has taken place. The employer also has a duty to make a 'reasonable adjustment' in relation to the disabled person and failure to do so is again discrimination, if it cannot be justified.

Directors' report (continued)

Employee involvement

During the year, the policy of providing employees with information about the Global Energy Group has continued through the newsletter "My Global Round Up" in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'R J MacGregor', written over a horizontal line.

R J MacGregor
Director

24 November 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of GEG (Holdings) Limited

We have audited the financial statements of GEG (Holdings) Limited for the year ended 31 March 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Financial Position, the Group Statement of Cash flows and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report (continued)

to the members of GEG (Holdings) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the parent company financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

Date: 24 November 2017

Group income statement

for the year ended 31 March 2017

	Notes	Continuing operations £000	Discontinued operations £000	31 March 2017 £000	Continuing operations £000	Discontinued operations £000	1 April 2016 £000
Turnover	2	302,700	2,538	305,238	283,219	9,164	292,383
Cost of sales		(246,912)	(1,876)	(248,788)	(225,426)	(6,242)	(231,668)
Gross profit		55,788	662	56,450	57,793	2,922	60,715
Administration expenses		(43,746)	(124)	(43,870)	(49,208)	(3,971)	(53,179)
Amortisation of intangibles	3,8	(5,400)	–	(5,400)	(5,338)	–	(5,338)
Other operating income		158	–	158	1,515	–	1,515
Group operating profit	3	6,800	538	7,338	4,762	(1,049)	3,713
Loss on disposal of discontinued operations		–	(928)	(928)	–	–	–
(Loss)/gain on disposal of tangible fixed assets		(22)	12	(10)	807	–	807
Profit on ordinary activities before interest and taxation		6,778	(378)	6,400	5,569	(1,049)	4,520
Interest receivable and similar income		–	–	–	123	–	123
Interest payable and similar charges	6	(2,100)	–	(2,100)	(1,511)	–	(1,511)
Profit on ordinary activities before taxation		4,678	(378)	4,300	4,181	(1,049)	3,132
Tax on profit on ordinary activities	7	(3,638)	–	(3,638)	(1,384)	–	(1,384)
Profit for the financial year		1,040	(378)	662	2,797	(1,049)	1,748
Profit for the financial year attributable to:							
Non-controlling interests				181			31
Owners of the parent company				481			1,717
				<u>662</u>			<u>1,748</u>

Group statement of comprehensive income

for the year ended 31 March 2017

	31 March 2017 £000	1 April 2016 £000
Profit for the financial year	662	1,748
Exchange difference on retranslation of foreign subsidiary	1,832	179
Total comprehensive income for the year	2,494	1,927
 <i>Total comprehensive income for the year attributable to:</i>		
<i>Non-controlling interests</i>	181	31
<i>Owners of the parent company</i>	2,313	1,896
	2,494	1,927

Statement of changes in equity

for the year ended 31 March 2017

<i>Group</i>	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Share- holders equity</i>	<i>Non controlling interest</i>	<i>Total equity</i>
	£000	£000	£000	£000	£000	£000
At 1 April 2015	430	69,570	52,742	122,742	3,420	126,162
Profit/loss for the year	–	–	1,717	1,717	31	1,748
Other comprehensive income	–	–	179	179	–	179
Total comprehensive income for the year	–	–	1,896	1,896	31	1,927
Equity dividends paid (Note 18)	–	–	(5,000)	(5,000)	(300)	(5,300)
Acquisition of non-controlling interest	–	–	–	–	(422)	(422)
At 2 April 2016	430	69,570	49,638	119,638	2,729	122,367
Profit/loss for the year	–	–	481	481	181	662
Other comprehensive income	–	–	1,832	1,832	–	1,832
Total comprehensive income for the year	–	–	2,313	2,313	181	2,494
Equity dividends paid (Note 18)	–	–	(1,000)	(1,000)	–	(1,000)
Acquisition of non-controlling interest	–	–	380	380	(1,407)	(1,027)
At 31 March 2017	430	69,570	51,331	121,331	1,503	122,834

Statement of changes in equity

for the year ended 31 March 2017

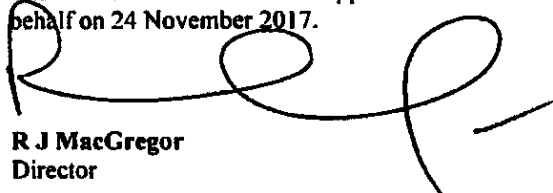
<i>Company</i>	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£000	£000	£000	£000
At 1 April 2015	430	69,570	272	70,272
Profit/loss for the year	–	–	8,639	8,639
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	8,639	8,639
Equity dividends paid (Note 18)	–	–	(5,000)	(5,000)
At 2 April 2016	430	69,570	3,911	73,911
Profit/loss for the year	–	–	10,316	10,316
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	10,316	10,316
Equity dividends paid (Note 18)	–	–	(1,000)	(1,000)
At 31 March 2017	430	69,570	13,227	83,227

Group statement of financial position

at 31 March 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	8	82,770	84,663
Tangible assets	9	91,933	97,278
		<u>174,703</u>	<u>181,941</u>
Current assets			
Stocks	11	3,418	4,053
Debtors:	12		
amounts falling due within one year		77,217	78,346
amounts falling due after one year		500	1,167
Cash at bank and in hand		7,300	25,797
		<u>88,435</u>	<u>109,363</u>
Creditors: amounts falling due within one year	13	(72,999)	(143,052)
Net current assets/(liabilities)		<u>15,436</u>	<u>(33,689)</u>
Total assets less current liabilities		<u>190,139</u>	<u>148,252</u>
Creditors: amounts falling due after more than one year	14	(56,559)	(16,800)
Provisions for liabilities			
Deferred taxation	7	(3,584)	(2,269)
Accruals and deferred income			
Deferred government grants	16	(7,162)	(6,816)
Net assets		<u>122,834</u>	<u>122,367</u>
Capital and reserves			
Called up share capital	17	430	430
Share premium account	19	69,570	69,570
Profit and loss account		51,331	49,638
Equity attributable to owners of the parent company		<u>121,331</u>	<u>119,638</u>
Non-controlling interests		1,503	2,729
		<u>122,834</u>	<u>122,367</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2017.


R J MacGregor
Director

Company statement of financial position

at 31 March 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	9	206	141
Investments	10	99,138	98,367
		<u>99,344</u>	<u>98,508</u>
Current assets			
Debtors:	12		
amounts falling due within one year		105,497	13,913
amounts falling due after one year		500	500
Cash at bank and in hand		—	—
		<u>105,997</u>	<u>14,413</u>
Creditors: amounts falling due within one year	13	<u>(75,335)</u>	<u>(38,970)</u>
Net current assets/(liabilities)		30,662	(24,557)
Total assets less current liabilities		130,006	73,951
Creditors: amounts falling due after more than one year	14	<u>(46,779)</u>	<u>(40)</u>
Net assets		<u>83,227</u>	<u>73,911</u>
Capital and reserves			
Called up share capital	17	430	430
Share premium	19	69,570	69,570
Profit and loss account		13,227	3,911
		<u>83,227</u>	<u>73,911</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2017.


R J MacGregor
Director

Group statement of cash flows

for the year ended 31 March 2017

	31 March 2017	1 April 2016
Notes	£000	£000
Net cash inflow/(outflow) from operating activities	20a 17,402	(9,397)
Investing activities		
Interest received	-	123
Payments to acquire intangible fixed assets	(388)	(96)
Payments to acquire tangible fixed assets	(5,073)	(12,386)
Receipts from sales of tangible fixed assets	1,033	5,615
Receipt of government grants	589	562
Purchase of subsidiary undertaking	-	(2,808)
Net cash acquired with subsidiary undertaking	-	1,167
Acquisition of non-controlling interest	(850)	(422)
Net cash flow from investing activities	(4,689)	(8,245)
Financing activities		
Dividends paid to non-controlling interests	-	(300)
Equity dividends paid	(5,000)	-
Interest paid	(2,100)	(1,511)
Net movement in short-term borrowings	(1,000)	3,004
Net movement in long-term borrowings	46,750	(13,103)
Repayments of capital element of finance leases and Hire purchase contracts	(9,018)	(7,902)
Net cash flow from financing activities	29,632	(19,812)
Increase/(decrease) in cash and cash equivalents	42,345	(37,454)
Effect of exchange rates on cash and cash equivalents	1,733	(325)
Cash and cash equivalents at 2 April 2016	(36,778)	1,001
Cash and cash equivalents at 31 March 2017	7,300	(36,778)

Notes to the financial statements

at 31 March 2017

1. Accounting policies

1.1 Statement of compliance

GEG (Holdings) Limited is a private limited liability company incorporated in Scotland. The Registered Office is 13 Henderson Road, Inverness, IV1 1SN.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2017.

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102.

The financial statements of GEG (Holdings) Limited were authorised for issue by the Board of Directors on 24 November 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of GEG (Holdings) Limited and all its subsidiary undertakings ('subsidiaries') drawn up to 31 March each year. No profit and loss account is presented for GEG (Holdings) Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Acquisitions have been included in the group financial statements using the acquisition method of accounting.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over who's operating and financial policies the group exercises a significant influence are treated as associates.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

1.4 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the company's key sources of estimation uncertainty:

Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Goodwill

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

1.5 Significant accounting policies

Goodwill

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Development costs	10 years
Software development	4 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land & buildings	-	4-25% straight-line
Plant and machinery	-	10-20% straight-line
Motor vehicles	-	25% straight-line
Furniture, fittings and equipment	-	20% to 33% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates recoverable amount of the asset.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment loss recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the company will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and costs to complete the contract can be measured reliably.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables
and goods for resale – purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Current and deferred taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Company

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Group

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pensions

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the group to the fund in respect of the period.

The group also contributes to personal plans for certain employees of the company. These contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

The group operates in one principal area of activity - natural resources support services.

The group operates within three geographical markets - Europe, Australia and the rest of the world.

In the opinion of the Directors, disclosure of segmental analysis of turnover, profit and net assets would be seriously prejudicial to the interests of the Group therefore the information has not been disclosed. An analysis of turnover by geographical market is given below:

	31 March 2017 £000	1 April 2016 £000
Europe	245,891	212,658
Australia	42,241	33,566
Rest of world	17,106	46,159
	<u>305,238</u>	<u>292,383</u>

Notes to the financial statements

at 31 March 2017

3. Group operating profit

This is stated after charging/(crediting):

		<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
Depreciation of tangible fixed assets	- owned by the company	7,689	6,496
	- held under finance leases	1,877	3,420
Amortisation of goodwill		5,267	5,236
Amortisation of other intangible assets		133	102
Operating lease rentals		6,485	5,796
Foreign exchange differences		(186)	(732)
Auditors' remuneration (Note 4)		176	235

4. Auditor's remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
Audit of the financial statements	168	175
Audit of subsidiaries	-	-
Total audit	<u>168</u>	<u>175</u>
Audit related assurance services		
Other non-audit services	<u>8</u>	<u>60</u>
	<u>8</u>	<u>60</u>

5. Staff costs

(a) Staff costs

	<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
Wages and salaries	78,078	82,101
Social security costs	7,472	8,682
Other pension costs	1,431	1,273
	<u>86,981</u>	<u>92,056</u>

Notes to the financial statements

at 31 March 2017

5. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	<i>31 March 2017 No.</i>	<i>1 April 2016 No.</i>
Management and administration	636	653
Blue collar/technical	2,864	2,937
	<u>3,500</u>	<u>3,590</u>

(b) Directors' remuneration

	<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
Aggregate remuneration in respect of qualifying services	398	585
Company pension contributions to money purchase pension schemes	<u>13</u>	<u>6</u>

	<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
In respect of the highest paid director:		
Aggregate remuneration	<u>168</u>	<u>179</u>

During the year retirement benefits were accruing to one director (1 April 2016 – one) in respect of money purchase pensions.

6. Interest payable and similar charges

	<i>31 March 2017 £000</i>	<i>1 April 2016 £000</i>
Interest payable on bank loans and overdrafts	1,779	962
Finance charges payable under finance leases and hire purchase contracts	321	549
	<u>2,100</u>	<u>1,511</u>

Notes to the financial statements

at 31 March 2017

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	31 March 2017 £000	1 April 2016 £000
Current tax:		
UK corporation tax at 20% (1 April 2016: 20%)	2,128	2,380
Tax overprovided in previous years	(294)	(21)
	<u>1,834</u>	<u>2,359</u>
Double taxation relief	–	(13)
	<u>1,834</u>	<u>2,346</u>
Foreign tax		
Current year	–	179
Adjustments in respect of prior years	3	–
Group current tax	<u>1,837</u>	<u>2,525</u>
Deferred tax:		
Origination and reversal of timing differences	1,478	(1,141)
Adjustments in respect of prior years	323	–
Group deferred tax	<u>1,801</u>	<u>(1,141)</u>
Group current tax	1,837	2,525
Group deferred tax	1,801	(1,141)
Group tax on profit on ordinary activities	<u>3,638</u>	<u>1,384</u>

Notes to the financial statements

at 31 March 2017

7. Tax (continued)

(b) Factors affecting the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (1 April 2016 – 20%). The differences are explained below:

	31 March 2017 £000	1 April 2016 £000
Profit on ordinary activities before tax	4,300	3,132
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (1 April 2016 – 20%)	860	626
<i>Effects of:</i>		
Expenses not deductible for tax purposes including goodwill amortisation	1,165	1,500
Losses arising in year not relieviable against current tax	–	362
Utilisation of tax losses	–	(1,450)
Other timing differences	493	–
Depreciation of non-qualifying assets	383	77
Others	705	235
Adjustments to tax charge in respect of prior years	32	34
Total tax charge	3,638	1,384

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	31 March 2017 £000	1 April 2016 £000
Included in debtors (Note 12)	1,385	2,016
Included in provisions for liabilities	(3,584)	(2,269)
	(2,199)	(253)
Accelerated capital allowances	(2,389)	(1,814)
Accumulated losses	–	1,658
Other short term timing differences	190	(97)
Provision for deferred tax	(2,199)	(253)

£000

At 2 April 2016	(253)
Provided during the year	(1,801)
Exchange adjustment	(145)
At 31 March 2017	(2,199)

Notes to the financial statements

at 31 March 2017

7. Tax (continued)

(d) Factors that may affect future tax charges

The UK corporation tax rate will reduce to 19% for financial years beginning 1 April 2017 and will reduce to 18% for financial years beginning 1 April 2018. Deferred tax balances have been calculated at a rate of 18% as this is the rate at which the majority of the timing differences are expected to reverse.

8. Intangible assets

<i>Group</i>	<i>Goodwill</i> <i>£000</i>	<i>Other</i> <i>intangibles</i> <i>£000</i>	<i>Lease</i> <i>premium</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:				
At 2 April 2016	103,959	360	1,115	105,434
Additions	206	182	–	388
Adjustments	3,066	–	–	3,066
Reclassification from property, plant & equipment	–	30	–	30
Exchange adjustment	–	44	–	44
At 31 March 2017	107,231	616	1,115	108,962
Amortisation:				
At 2 April 2016	20,519	169	83	20,771
Provided during the year	5,267	114	19	5,400
Exchange adjustment	–	21	–	21
At 31 March 2017	25,786	304	102	26,192
Carrying amount at 31 March 2017	81,445	312	1,013	82,770
Carrying amount at 2 April 2016	83,440	191	1,032	84,663

Goodwill is being amortised evenly over the directors' estimate of its useful life of 20 years.

The estimated useful life is based on a variety of factors such as the expected use of the acquired business, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Having considered these factors the directors believe that a useful life of 20 years is appropriate for goodwill.

Notes to the financial statements

at 31 March 2017

9. Tangible fixed assets

<i>Group</i>	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Furniture, fittings and equipment £000</i>	<i>Total £000</i>
Cost:					
At 2 April 2016	62,809	49,496	3,101	5,128	120,534
Additions	2,218	2,337	217	301	5,073
Disposals	(44)	(954)	(426)	(516)	(1,940)
Reclassification to intangible assets	–	–	–	(30)	(30)
Exchange adjustment	84	262	82	98	526
At 31 March 2017	<u>65,067</u>	<u>51,141</u>	<u>2,974</u>	<u>4,981</u>	<u>124,163</u>
Depreciation and impairment:					
At 2 April 2016	5,280	13,607	1,417	2,952	23,256
Provided during the year	2,318	5,598	696	954	9,566
Disposals	(5)	(414)	(309)	(169)	(897)
Exchange adjustment	40	148	40	77	305
At 31 March 2017	<u>7,633</u>	<u>18,939</u>	<u>1,844</u>	<u>3,814</u>	<u>32,230</u>
Carrying amount at 31 March 2017	<u>57,434</u>	<u>32,202</u>	<u>1,130</u>	<u>1,167</u>	<u>91,933</u>
Carrying amount at 2 April 2016	<u>57,529</u>	<u>35,889</u>	<u>1,684</u>	<u>2,176</u>	<u>97,278</u>

Included in land and buildings are £6k (2016 – £26,457k) of assets under construction.

The net book value of land and buildings comprises:

	<i>2017 £000</i>	<i>2016 £000</i>
Freehold property	28,087	28,457
Leasehold property	27,756	27,735
Tenant's Improvements	1,591	1,337
	<u>57,434</u>	<u>57,529</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<i>2017 £000</i>	<i>2016 £000</i>
Plant and machinery	16,890	26,103
Motor vehicles	75	347
	<u>16,965</u>	<u>26,450</u>

Notes to the financial statements

at 31 March 2017

9. Tangible fixed assets (continued)

<i>Company</i>	<i>Tenant's Improvements £000</i>	<i>Motor vehicles £000</i>	<i>Computer and office equipment £000</i>	<i>Total £000</i>
Cost:				
At 2 April 2016	71	69	41	181
Additions	126	57	128	311
Disposals	–	–	(1)	(1)
At 31 March 2017	197	126	168	491
Depreciation:				
At 2 April 2016	4	29	7	40
Provided during the year	111	42	92	245
Disposals	–	–	–	–
At 31 March 2017	115	71	99	285
Carrying amount at 31 March 2017	82	55	69	206
Carrying amount at 2 April 2016	67	40	34	141

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<i>2017 £000</i>	<i>2016 £000</i>
Motor vehicles	17	40

Notes to the financial statements

at 31 March 2017

10. Investments

<i>Company</i>	<i>Subsidiary undertakings £000</i>
Cost:	
At 2 April 2016	98,367
Additions	9,946
Disposals	(9,175)
At 31 March 2017	<u>99,138</u>
Carrying amount at 31 March 2017	<u>99,138</u>
Carrying amount at 2 April 2016	<u>98,367</u>

During the year, the group completed an internal restructure which resulted in investment additions of £9,946k and disposals of £9,175k.

Details of the investments in which the group holds 100% of the issued ordinary share capital are as follows:

Name of company	Country of Incorporation
GEG (Process & Equipment) Limited	UK
GEG (Marine & Logistics) Limited	UK
Global Energy (Group) Limited*	UK
Caledonian Petroleum Services Limited*	UK
Global Energy (Holdings) Limited*	UK
Global Energy Corporation Limited*	UK
Global Energy Nigg Limited*	UK
Isleburn Limited	UK
Training Competency Consultancy Limited*	UK
A & B Welding Services Limited*	UK
Caledonian Towage Limited	UK
S & D Fabricators Limited*	UK
Global Energy Group (West Africa) Limited*	Ghana
Global Highland Limited	UK
Global Energy Fabrication Limited	UK
Global Resources (Project Recruitment) Limited	UK
Reel Group Limited	UK
Reel Limited	UK
Reel Inspection and Rig Maintenance Pvt Ltd*	India
Global Resource Management Limited	UK
Global Energy (SCS) Limited	UK
Global Power & Process Limited	UK
MF Marine Operations Limited*	UK

Notes to the financial statements

at 31 March 2017

10. Investments (continued)

Global Energy Group Asia Pacific Pty Ltd	Australia
Global Resource Network Australasia Pty Ltd*	Australia
Vertech New Zealand Pty Limited*	New Zealand
Vertech USA	USA

* Held by a subsidiary undertaking

Details of the investments in which the group holds 20% or more of the issued ordinary share capital are as follows:

Name of company	Proportion of voting rights and shares held	Country of Incorporation
Global Energy Group (Access and Coatings) Limited*	85%	UK
Rigfit Offshore Limited*	90%	UK
Rigfit International LLC*	90%	UAE
Rigfit International FZC*	90%	Sharjah Free Zone Authority
Seven Seas Services LLC*	90%	UAE
Seven Seas Maintenance LLC*	90%	UAE
Seven Seas Décor SPC*	90%	Bahrain
Global Port Services (Scotland) Limited*	89%	UK
Global Logistics Services Limited	89%	UK
Global Project (Services) Limited*	80%	UK
Global Project Services Norge*	80%	Norway
Vertech Group Pty Ltd*	80%	Australia
Cunningham Construction (Australia) Pty Ltd*	80%	Australia
Geo Oceans Pty Limited*	61%	Australia
Ross-shire Engineering Limited*	83%	UK
Prime Pumps Limited*	75%	UK
Pipework Systems and Installations Limited*	62%	UK
Langfields Limited*	85%	UK

* Held by a subsidiary undertaking

All of the companies in the group are involved in the principal activity of natural resources support services.

Notes to the financial statements

at 31 March 2017

10. Investments (continued)

On 10 June 2016 the group acquired an additional 20% of Rigfit Offshore Limited, Rigfit International FZC and Rigfit International LLC. On 22 September 2016 the group acquired the remaining 10% of each of these companies under a put/call option agreement. The above acquisitions resulted in a release of the 30% minority interest as the investment is now 100% consolidated in the group financial statements.

For the year ended 31 March 2017 the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: GEG (Process & Equipment) Limited; GEG (Marine & Logistics) Limited; Global Highland Limited; Caledonian Towage Limited; Global Energy (Group) Limited; Ross-shire Engineering Limited; Global Energy Fabrication Limited; Global Project Services Limited; Global Port Services (Scotland) Limited; Caledonian Petroleum Services Limited; Global Energy Nigg Limited; MF Marine Operations Limited; Prime Pumps Limited; Reel Group Limited; Reel Limited; Global Energy Group (Access & Coatings) Limited; Pipework Systems & Installation Limited; Rigfit Offshore Limited; Isleburn Limited; Global Power & Process Limited; Global Resources Project Recruitment Limited; S&D Fabricators Limited; Training Competency Consultancy Limited; Global Resource Management Limited; Global Energy (Holdings) Limited; Veritech Integrity Services Limited; Global Energy (SCS) Limited; Global Energy Corporation Limited and Langfields Limited.

11. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials and consumables	3,418	4,053	–	–
	<u>3,418</u>	<u>4,053</u>	<u>–</u>	<u>–</u>

12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	45,483	46,669	51	50
Amounts due from group undertakings	–	–	103,891	13,624
Amounts recoverable on long term contracts	23,163	16,903	–	–
Prepayments and accrued income	4,273	9,539	525	151
Deferred tax asset	1,385	2,016	36	–
Other debtors	3,413	4,386	1,494	588
	<u>77,717</u>	<u>79,513</u>	<u>105,997</u>	<u>14,413</u>

Amounts falling due after more than one year included above are:

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other debtors	500	1,167	500	500
	<u>500</u>	<u>1,167</u>	<u>500</u>	<u>500</u>

Notes to the financial statements

at 31 March 2017

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts	7,000	70,575	18,916	32,958
Obligation under finance leases and hire purchase contracts	3,243	5,769	10	10
Amounts owed to group undertakings	–	–	51,120	257
Trade creditors	14,036	17,614	359	339
Current corporation tax	1,323	2,583	1,053	–
Other taxes and social security costs	9,893	8,172	2,084	185
Other creditors	10,116	18,670	1,016	5,000
Accruals and deferred income	27,388	19,669	777	221
	<u>72,999</u>	<u>143,052</u>	<u>75,335</u>	<u>38,970</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain exceptions) and a group composite guarantee.

14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	46,750	–	46,750	–
Obligations under finance leases and hire purchase contracts (Note 15)	7,133	13,625	29	40
Other creditors	2,676	3,175	–	–
	<u>56,559</u>	<u>16,800</u>	<u>46,779</u>	<u>40</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain exceptions) and a group composite guarantee.

Notes to the financial statements

at 31 March 2017

15. Obligations under leases and hire purchase contracts

The group and company use finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases and hire purchase contracts are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Not later than one year	3,243	5,769	10	10
Later than one year and not later than five years	5,592	11,348	29	40
Later than five years	1,541	2,276	–	–
	<u>10,376</u>	<u>19,394</u>	<u>39</u>	<u>50</u>

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
			<i>£000</i>	<i>£000</i>
Not later than one year	4,881	6,308	120	–
Later than one year and not later than five years	18,029	14,696	–	–
Later than five years	15,462	15,578	–	–
At 31 March 2017	<u>38,372</u>	<u>36,582</u>	<u>120</u>	<u>–</u>

Notes to the financial statements

at 31 March 2017

16. Deferred government grants

The movement in deferred government grants, included above, is as follows:

	<i>Group</i> £000	<i>Company</i> £000
At 2 April 2016	6,816	–
Received in year	589	–
Released in year	(243)	–
At 31 March 2017	<u>7,162</u>	<u>–</u>

17. Allotted and issued share capital

<i>Group and Parent company</i>		<i>2017</i> £000		<i>2016</i> £000
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	430,188	430	430,188	430
			<i>2017</i> £000	<i>2016</i> £000
Ordinary shares of £1 each				
At 31 March 2017 and 1 April 2016			<u>430</u>	<u>430</u>

18. Dividends and other appropriations

	<i>2017</i> £000	<i>2016</i> £000
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
Final dividend	<u>1,000</u>	<u>5,000</u>
	1,000	5,000

19. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Notes to the financial statements

at 31 March 2017

20. Notes to the statement of cash flows

(a) Reconciliation of profit to net cash inflow/(outflow) from operating activities

	2017 £000	2016 £000
Group profit for the year	662	1,748
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Tax on profit on ordinary activities	3,638	1,384
Amortisation of intangible fixed assets	5,400	5,338
Depreciation of tangible fixed assets	9,566	9,916
Deferred government grant release	(243)	(164)
Loss on disposal of discontinued operations	928	–
Loss/(profit) on disposal of fixed assets	10	(807)
Net finance costs	2,100	1,388
Working capital movements:		
Decrease/(increase) in debtors	1,165	(4,412)
Decrease in stocks	635	1,028
Decrease in creditors	(4,459)	(21,889)
Taxation		
Corporation tax paid	(2,000)	(2,927)
Net cash inflow/(outflow) from operations	17,402	(9,397)

(b) Cash and cash equivalents

	<i>Group</i>		<i>Parent</i>	
	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>
	<i>31 March</i>	<i>2 April</i>	<i>31 March</i>	<i>2 April</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	7,300	25,797	–	–
Short-term deposits	–	–	–	–
	7,300	25,797	–	–
Bank overdraft	–	(62,575)	(11,916)	(32,958)
	7,300	(36,778)	(11,916)	(32,958)

Notes to the financial statements

at 31 March 2017

21. Financial instruments

	<i>Group</i>		<i>Company</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Other debtors	1,361	1,967	500	500
<i>Financial liabilities measured at amortised cost</i>				
Bank overdraft	–	62,575	11,916	32,958
Bank loans	53,750	8,000	53,750	–
Finance leases and hire purchase contracts	10,376	19,394	39	50

22. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Entities controlled by key management personnel</i>				
Global Infrastructure Scotland Limited				
2017	338	–	5	60
2016	2	1	–	–
GEG Capital Limited				
2017	138	350	1	105
2016	18	470	–	–
Ross County Football Club (1998) Limited				
2017	5	64	–	1
2016	4	56	–	3
GEG Capital North Limited				
2017	–	120	–	–
2016	–	–	–	–
Envoy Capital Management Limited				
2017	–	260	–	–
2016	–	–	–	–
<i>Entities controlled by a close family member of key management personnel</i>				
MacGregor Industrial Supplies Limited				
2017	–	1,849	–	129
2016	4	1,686	–	208

Notes to the financial statements

at 31 March 2017

22. Related party transactions (continued)

MacGregor Industrial Supplies Limited is a related party as J MacGregor, a close family member of R J MacGregor, had an interest in these transactions due to his shareholding in MacGregor Industrial Supplies Limited.

Global Infrastructure Scotland Limited and Ross County Football Club (1998) Limited are subsidiaries of GEG Capital Limited, a company owned and controlled by the MacGregor family.

GEG Capital (North) Limited is a company owned and controlled by the MacGregor family.

Envoy Capital Management Limited is a company owned and controlled by I R MacGregor.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The Group has not provided or benefitted from any guarantees for any related party receivables or payables. During the year ended 31 March 2017, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2016: nil).

Key management personnel

All directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £411k (2016: £585k).

23. Ultimate parent undertakings and controlling party

The controlling party identified by the company is the MacGregor family.